

Message Text

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ACTION EB-07

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SSO-00 USIE-00 INRE-00 AF-06 ARA-06 EA-06 NEA-09

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C O N F I D E N T I A L MTN GENEVA 1661

WHITE HOUSE FOR SEIDMAN

PASS STR FOR GUENTHER

EO 11652: GDS

TAGS: ETRD GATT

SUBJ: MTN: PROGRESS IN AGRICULTURE

1. SUMMARY: THE MEETING OF THE AGRICULTURE GROUP ON MARCH 24 WILL BE OF GREAT SIGNIFICANCE FOR THE FURTHER PROGRESS OF THE MTN BOTH FOR AGRICULTURE AND INDUSTRY. IN THIS CONNECTION, SEVERAL MAJOR QUESTIONS REQUIRE INTERAGENCY DISCUSSION AND RESOLUTION IN WASHINGTON AS SOON AS POSSIBLE FOR POLICY GUIDANCE. END SUMMARY.

2. USE OF MTN AGRICULTURE GROUP.

(A) NEGOTIATIONS ON AGRICULTURAL TARIFFS AND NTB'S WILL BE PRESSED BY US IN TARIFF AND NTM GROUPS. HOWEVER, TNC CHAIRMAN'S SUMMATION PROVIDES "IF IN OTHER GROUPS QUESTIONS WHICH ARE LIKELY TO CONCERN AGRICULTURE ARE TAKEN UP, THE AGRICULTURE GROUP SHALL CONCERN

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ITSELF WITH THE MATTER AS REGARDS THE AGRICULTURAL ASPECTS."

U.S. REPRESENTATIVE'S COMMENT ON CHAIRMAN'S SUMMATION STRESSED EXPERT NATURE OF AGRICULTURAL GROUP, THAT BROAD NEGOTIATIONS WERE EXPECTED TO TAKE PLACE IN TARIFF AND NTB GROUPS, BUT DID NOT EXCLUDE ABILITY OF OTHERS TO RAISE SPECIFIC ISSUES IN THE FORUM OF THEIR CHOICE (GENEVA 1017).

(B) IT WILL NOT BE POSSIBLE TO CONFINE DISCUSSIONS IN FUTURE MEETINGS OF AGRICULTURAL COMMITTEE TO PURELY PROCEDURAL ISSUES, E.G. EXTENT AND NATURE OF COMMITTEE'S COMPETENCE AND WHETHER AGRICULTURAL BARRIERS HAVE SPECIAL CHARACTERISTICS. EC AND SOME OTHER DELS EXPECTED TO CONTINUE TO PRESS FOR SUBSTANTIVE DISCUSSIONS ON A FEW MAJOR PARTICULAR PRODUCT CATEGORIES (E.G., GRAIN, DAIRY, MEAT AND SUGAR), SO THAT ALL ASPECTS OF TRADE IN SUCH CATEGORIES WOULD BE CONSIDERED IN ONE FORUM. STRATEGY IS THEREFORE REQUIRED FOR CREATIVE USE BY U.S. OF UNAVOIDABLE DISCUSSION ON SUBSTANTIVE AGRICULTURAL ISSUES IN AGRICULTURE GROUP.

(C) STALEMATE IN AGRICULTURE OVER PROCEDURAL ISSUE WOULD ENDANGER MTN AS A WHOLE, WITH RISK OF HIGH POLITICAL AND ECONOMIC COSTS GIVEN CURRENT ENVIRONMENT. PROGRESS IN AGRICULTURAL TRADE LIBERALIZATION IS VITAL NOT ONLY BECAUSE OF U.S. COMMERCIAL AGRICULTURAL INTERESTS, BUT PRIMARY REQUIREMENT OF UNITED STATES LAW REGARDING TRADE NEGOTIATIONS IS THAT TRADE LIBERALIZATION IN AGRICULTURE BE UNDERGAKEN IN CONJUNCTION WITH TRADE LIBERALIZATION IN INDUSTRY. (TRADE ACT SECTION 103).

(D) U.S. APPROACH REQUIRED FOR MARCH 24 MEETING REQUIRES SUFFICIENT FLEXIBILITY TO MAINTAIN MAXIMUM PRESSURE AGAINST AGRICULTURAL TRADE BARRIERS OF EC AND OTHERS IN ALL MTN GROUPS.

3. GRAINS NEGOTIATIONS. (A) GRAIN IS A KEY ELEMENT OF U.S. TRADE INTERESTS, WHEREVER NEGOTIATIONS MAY BE CONDUCTED. LOCATION OF INITIAL NEGOTIATIONS ON THIS SUBJECT IS NOT THE SOLE QUESTION.

(B) DANGER EXISTS THAT NEGOTIATIONS INITIATED ON RESERVES WILL NOT SUFFICIENTLY TAKE INTO ACCOUNT U.S. COMMERCIAL INTERESTS OF MARKET ACCESS. NARROW FOCUS ON RESERVES COULD HAVE THIS RESULT OR PROVE INCONCLUSIVE, PRESERVING STATUS QUO OF MAINTENANCE INEFFICIENT PRODUCT

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TION ABROAD AT EXPENSE OF U.S. AGRICULTURE. DOMESTIC POLITICAL COSTS OF SUCH AN APPROACH SHOULD BE APPRECIATED.

(C) UNCOORDINATED DISCUSSION ABROAD CONTINUES TO CAUSE CONFUSION AS TO U.S. TRADE POLICY IN AGRICULTURE AND IN MTN. AVOIDANCE OF WHIPSAW EFFECT SUGGESTS NEED FOR COORDINATION. IN THIS CONNECTION NOTE STATEMENT CONTAINED EC BRUSSELS 2076 " THE COMMUNITY IS PARTICULARLY ANXIOUS THAT ONCE IT HAS AGREED TO SOME ARRANGEMENT IN

LONDON, IT NOT BE SUBSEQUENTLY TOLD THAT THE UNITED STATES WANTS TO REOPEN OTHER ASPECTS OF THE GRAINS QUESTION IN GENEVA."

4. ACTION REQUESTED: ASAP (AND WELL BEFORE AGRICULTURE GROUP MEETING), STR CONSULT INTERESTED WASHINGTON AGENCIES ON QUESTIONS RAISED ABOVE. CONTINUING COORDINATED POLICY NEEDED ON APPROACH MTN DEL AND LONDON AD HOC RESERVES GROUP SHOULD TAKE ON SPECIFIC QUESTIONS SO OUR EFFORTS CAN BEST ADVANCE U.S. OBJECTIVES.
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